

1 AN ACT concerning State collection of debts, amending  
2 named Acts.

3 Be it enacted by the People of the State of Illinois,  
4 represented in the General Assembly:

5 Section 5. The State Finance Act is amended by adding  
6 Section 5.545 as follows:

7 (30 ILCS 105/5.545 new)

8 Sec. 5.545. The Debt Collection Fund.

9 Section 10. The Illinois State Collection Act of 1986 is  
10 amended by changing Sections 2, 4, 5, 6, 7, and 8 and adding  
11 Section 10 as follows:

12 (30 ILCS 210/2) (from Ch. 15, par. 152)

13 Sec. 2. This Act applies to all accounts or claims owed  
14 to "State agencies", as that term is defined in the Illinois  
15 State Auditing Act, except that the debt collection and  
16 write-off provisions of this Act shall not apply to the  
17 Illinois State Scholarship Commission in the administration  
18 of its student loan programs. To the extent that some other  
19 statute prescribes procedures for collection of particular  
20 types of accounts or claims owed to State agencies in  
21 conflict with the provisions of this Act, such other statute  
22 shall continue in full force and effect. The debt collection  
23 and write-off provisions of this Act may be utilized by the  
24 General Assembly, the Supreme Court and the several courts of  
25 this State, and the constitutionally elected State Officers,  
26 at their discretion, except that Section 10 applies to all  
27 State agencies unless otherwise specified in that Section.

28 However reporting requirements established by the comptroller  
29 shall be followed by all State agencies. The provisions of

1 this Act shall be utilized at all times by all departments,  
2 agencies, divisions, and offices under the jurisdiction of  
3 the Governor.

4 (Source: P.A. 85-814.)

5 (30 ILCS 210/4) (from Ch. 15, par. 154)

6 Sec. 4. (a) The Comptroller shall provide by rule  
7 appropriate procedures for State agencies to follow in  
8 establishing and recording within the State accounting system  
9 records of amounts owed to the State of Illinois. The rules  
10 of the Comptroller shall include, but are not limited to:

11 (1) the manner by which State agencies shall recognize  
12 debts;

13 (2) systems to age accounts receivable of State  
14 agencies;

15 (3) standards by which State agencies' claims may be  
16 entered and removed from the Comptroller's Offset System  
17 authorized by Section 10.05 of the State Comptroller Act;

18 (4) accounting procedures for estimating the amount of  
19 uncollectible receivables of State agencies; and

20 (5) accounting procedures for writing off bad debts and  
21 uncollectible claims, subject to the requirement of Section  
22 10 that debts more than 90 days overdue be turned over to the  
23 Debt Collection Unit of the Auditor General's Office.

24 (b) State agencies shall report to the Comptroller  
25 information concerning their accounts receivable and  
26 uncollectible claims in accordance with the rules of the  
27 Comptroller, which may provide for summary reporting.

28 (c) The rules of the Comptroller authorized by this  
29 Section may specify varying procedures and forms of reporting  
30 dependent upon the nature and amount of the account  
31 receivable or uncollectible claim, the age of the debt, the  
32 probability of collection and such other factors that will  
33 increase the net benefit to the State of the collection

1 effort.

2 (d) The Comptroller shall report annually by March 14,  
3 to the Governor and the General Assembly, the amount of all  
4 delinquent debt owed to each State agency as of December 31  
5 of the previous calendar year.

6 (Source: P.A. 86-515.)

7 (30 ILCS 210/5) (from Ch. 15, par. 155)

8 Sec. 5. Rules; payment plans; offsets.

9 (a) State agencies shall adopt rules establishing formal  
10 due dates for amounts owing to the State and, until July 1,  
11 2002, for the referral of seriously past due accounts to  
12 private collection agencies, unless otherwise expressly  
13 provided by law or rule. Such procedures shall be  
14 established in accord with sound business practices.

15 (b) Until July 1, 2002, agencies may enter deferred  
16 payment plans for debtors of the agency and documentation of  
17 this fact retained by the agency, where the deferred payment  
18 plan is likely to increase the net amount collected by the  
19 State.

20 (c) State agencies may use the Comptroller's Offset  
21 System provided in Section 10.05 of the State Comptroller Act  
22 for the collection of debts owed to the agency. Until July 1,  
23 2002, all debts that exceed \$1,000 and are more than 90 days  
24 past due shall be placed in the Comptroller's Offset System,  
25 unless the State agency shall have entered into a deferred  
26 payment plan or demonstrates to the Comptroller's  
27 satisfaction that referral for offset is not cost effective.

28 (d) State agencies shall develop internal procedures  
29 whereby agency initiated payments to its debtors may be  
30 offset without referral to the Comptroller's Offset System.

31 (e) State agencies or the Comptroller may remove claims  
32 from the Comptroller's Offset System, where such claims have  
33 been inactive for more than one year.

1       (f) Beginning July 1, 2002, State agencies other than  
2       universities shall determine that a debt is uncollectible in  
3       accordance with rules adopted by the Auditor General under  
4       Section 10 and shall turn over to the Debt Collection Unit of  
5       the Auditor General's Office any debt that is more than 90  
6       days overdue to the State. Beginning July 1, 2002,  
7       universities may determine that a debt is uncollectible in  
8       accordance with rules adopted by the Auditor General under  
9       Section 10 and may turn over to the Debt Collection Unit of  
10       the Auditor General's Office any debt that is more than 90  
11       days overdue to the State. The Department of Revenue is  
12       exempt from this subsection with regard to debts the  
13       confidentiality of which the Department of Revenue is  
14       required by law to maintain. The Department of Public Aid is  
15       exempt from the requirements of this subsection with regard  
16       to child support debts, the collection of which is governed  
17       by the requirements of Title IV, Part D of the federal Social  
18       Security Act. The Department of Public Aid may refer child  
19       support debts more than 90 days overdue to the State to the  
20       Unit. In the event a child support debt is referred to the  
21       Unit, the Unit must use any appropriate means for collection  
22       of the debt that are normally available to the Unit under  
23       State law. The debt, however, remains an obligation owed  
24       under the Department of Public Aid's Child Support  
25       Enforcement Program subject to the requirements of Title IV,  
26       Part D of the federal Social Security Act, including the  
27       continued use of federally mandated enforcement remedies and  
28       techniques by the Department of Public Aid.

29       (Source: P.A. 90-332, eff. 1-1-98.)

30       (30 ILCS 210/6) (from Ch. 15, par. 156)

31       Sec. 6. The Comptroller with the approval of the  
32       Governor may provide by rule and regulation for the creation  
33       of a special fund or funds for the deposit of designated

1 receipts by designated agencies to be known as the Accounts  
 2 Receivable Fund or Funds. Deposits shall be segregated by  
 3 the creditor agency. No deposit shall be made unless the  
 4 collection is of an account receivable more than 120 days  
 5 past due.

6 Seventy-five percent of the amounts deposited each  
 7 quarter into such a special fund shall be transferred to the  
 8 General Revenue Fund or such other fund that would have  
 9 originally received the receipts. The remaining amounts may  
 10 be used by the creditor agency for collecting overdue  
 11 accounts pursuant to appropriation by the General Assembly.

12 An agency, with the approval of the Comptroller, may  
 13 deposit all receipts into the General Revenue Fund or other  
 14 such fund that would have originally received the receipts.  
 15 Twenty-five percent of such deposits made each quarter for  
 16 accounts receivable more than 120 days past due shall be  
 17 transferred to the Accounts Receivable Fund or Funds. The  
 18 transferred amounts may be used by the creditor agency for  
 19 collecting overdue accounts pursuant to appropriation by the  
 20 General Assembly.

21 In determining the types of receipts to be deposited  
 22 pursuant to this Section the Comptroller and the Governor  
 23 shall consider the following factors:

24 (1) The percentage of such receipts estimated to be  
 25 uncollectible by the creditor agency;

26 (2) The percentage of such receipts certified as  
 27 uncollectible by the Attorney General;

28 (3) The potential increase in future receipts, as  
 29 estimated by the creditor agency, if 25% of amounts collected  
 30 are retained for collection efforts;

31 (4) The impact of the retention of 25% of receipts on  
 32 the relevant fund balances; and

33 (5) Such other factors as the Comptroller and the  
 34 Governor deem relevant.

1 This Section shall not apply to the Department of Revenue  
2 nor the Department of Employment Security.

3 This Section is repealed July 1, 2002. On that date any  
4 moneys in the Accounts Receivable Funds created under this  
5 Section shall be transferred into the General Revenue Fund.

6 (Source: P.A. 86-194.)

7 (30 ILCS 210/7) (from Ch. 15, par. 157)

8 Sec. 7. Upon agreement of the Attorney General, agencies  
9 may contract for legal assistance in collecting past due  
10 accounts. In addition, agencies may contract for collection  
11 assistance where such assistance is determined by the agency  
12 to be in the best economic interest of the State. Agencies  
13 may utilize monies in the Accounts Receivable Fund to pay for  
14 such legal and collection assistance; provided, however, that  
15 no more than 20% of collections on an account may be paid  
16 from the Accounts Receivable Fund as compensation for legal  
17 and collection assistance on that account. If the amount  
18 available for expenditure from the Accounts Receivable Fund  
19 is insufficient to pay the cost of such services, the  
20 difference, up to 40% of the total collections per account,  
21 may be paid from other monies which may be available to the  
22 Agency.

23 This Section is repealed July 1, 2002. Any contract  
24 entered into under this Section before that date shall remain  
25 valid but may not be renewed.

26 (Source: P.A. 85-814.)

27 (30 ILCS 210/8) (from Ch. 15, par. 158)

28 Sec. 8. Debt Collection Board. There is created a Debt  
29 Collection Board consisting of the Director of Central  
30 Management Services as chairman, the State Comptroller, and  
31 the Attorney General, or their respective designees. The  
32 Board shall establish a centralized collections service to

1 undertake further collection efforts on delinquent accounts  
2 or claims of the State which have not been collected through  
3 the reasonable efforts of the respective State agencies.  
4 The Board shall promulgate rules and regulations pursuant to  
5 the Illinois Administrative Procedure Act with regard to the  
6 establishment of timetables and the assumption of  
7 responsibility for agency accounts receivable that have not  
8 been collected by the agency, are not subject to a current  
9 repayment plan, or have not been certified as uncollectible  
10 as of the date specified by the Board. The Board shall make  
11 a final evaluation of those accounts and either (i) direct or  
12 conduct further collection activities when further collection  
13 efforts are in the best economic interest of the State or  
14 (ii) in accordance with Section 2 of the Uncollected State  
15 Claims Act, certify the receivable as uncollectible or submit  
16 the account to the Attorney General for that certification.

17 The Board is empowered to adopt rules and regulations  
18 subject to the provisions of the Illinois Administrative  
19 Procedure Act.

20 The Board is empowered to enter into one or more  
21 contracts with outside vendors with demonstrated capabilities  
22 in the area of account collection. The contracts shall be  
23 let on the basis of competitive proposals secured from  
24 responsible proposers. The Board may require that vendors be  
25 prequalified. All contracts shall provide for a contingent  
26 fee based on the age, nature, amount and type of delinquent  
27 account. The Board may adopt a reasonable classification  
28 schedule for the various receivables. The contractor shall  
29 remit the amount collected, net of the contingent fee, to the  
30 respective State agency which shall deposit the net amount  
31 received into the fund that would have received the receipt  
32 had it been collected by the State agency. No portion of the  
33 collections shall be deposited into an Accounts Receivable  
34 Fund established under Section 6 of this Act. The Board

1 shall act only upon the unanimous vote of its members.

2 This Section is repealed July 1, 2002.

3 (Source: P.A. 89-511, eff. 1-1-97.)

4 (30 ILCS 210/10 new)

5 Sec. 10. Debt Collection Unit of the Auditor General's  
6 Office.

7 (a) The Auditor General shall establish and maintain a  
8 division within his or her office to be known as the Debt  
9 Collection Unit. The purpose of the Unit shall be the  
10 collection of debts more than 90 days overdue to the State.  
11 The Auditor General shall adopt rules for the administration  
12 and procedures of the Unit.

13 (b) The Auditor General shall adopt rules for the  
14 certification of debt collection specialists to be employed  
15 by the Unit.

16 (c) The Auditor General shall adopt rules for  
17 determining when a debt owed to a State agency is  
18 uncollectible. The rules shall be used by State agencies  
19 other than universities beginning July 1, 2002 and may be  
20 used by universities beginning July 1, 2002. The Department  
21 of Revenue is exempt from those rules with regard to debts  
22 the confidentiality of which the Department of Revenue is  
23 required by law to maintain. The Auditor General may  
24 contract with private collection entities and attorneys to  
25 pursue the collection of a debt determined to be  
26 uncollectable.

27 (d) Beginning July 1, 2002, a State agency other than a  
28 university shall turn over, and a university may turn over,  
29 to the Unit for collection any debt that is more than 90 days  
30 overdue to the State. The Department of Revenue is exempt  
31 from turning over to the Unit any debt the confidentiality of  
32 which the Department of Revenue is required by law to  
33 maintain. When turning over a debt, the State agency shall

1 also turn over all documents and records relating to the  
2 debt. In collecting a debt, the Unit may exercise the same  
3 rights and powers with regard to debt collection possessed by  
4 the State agency that turned over the debt to the Unit. The  
5 Department of Public Aid is exempt from the requirements of  
6 this subsection with regard to child support debts the  
7 collection of which is governed by the requirements of Title  
8 IV, Part D of the federal Social Security Act. The  
9 Department of Public Aid may refer child support debts more  
10 than 90 days overdue to the State to the Unit. In the event  
11 a child support debt is referred to the Unit, the Unit must  
12 use any appropriate means for collection of the debt normally  
13 available to the Unit under State law. The debt, however,  
14 remains an obligation owed under the Department of Public  
15 Aid's Child Support Enforcement Program subject to the  
16 requirements of Title IV, Part D of the federal Social  
17 Security Act, including the continued use of federally  
18 mandated enforcement remedies and techniques by the  
19 Department of Public Aid.

20 (e) The Debt Collection Fund is created as a special  
21 fund in the State treasury. Ten percent of the amount  
22 collected on each debt by the Unit shall be deposited into  
23 the Debt Collection Fund; the remaining 90% of the amount  
24 collected shall be deposited into the appropriate State fund  
25 or funds to which the debt was owed. Moneys in the Debt  
26 Collection Fund shall be appropriated only for the  
27 administrative costs of the Unit. At the end of each fiscal  
28 year, moneys remaining unappropriated in the Debt Collection  
29 Fund shall be transferred into the General Revenue Fund. The  
30 provisions of this subsection do not apply to any child  
31 support debt referred to the Unit by the Department of Public  
32 Aid under this Section or Section 5. Collections resulting  
33 from the referrals must be distributed and disbursed at the  
34 direction of the Department of Public Aid in accordance with

1 the requirements of Title IV, Part D of the federal Social  
2 Security Act, applicable provisions of State law, and the  
3 rules of the Department of Public Aid.

4 (f) The Attorney General and State Comptroller shall  
5 assist in the debt collection efforts of the Unit as  
6 requested by the Unit.

7 (g) The Auditor General shall report semi-annually to  
8 the General Assembly and State Comptroller upon the debt  
9 collection efforts of the Unit. Each report shall include an  
10 analysis of the overdue debts owed to the State.

11 Section 99. Effective date. This Act takes effect upon  
12 becoming law.